

# **Alucon Public Company Limited**

Condensed interim financial statements  
for the three-month period ended  
31 March 2020  
and  
Independent Auditor's review report

## **Independent Auditor’s Report on Review of Interim Financial Information**

### **To the Board of Directors of Alucon Public Company Limited**

I have reviewed the accompanying statement of financial position of Alucon Public Company Limited as at 31 March 2020; the statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2020; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standards 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

I conducted my review in accordance with Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

#### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Piyatida Tangdenchai)  
Certified Public Accountant  
Registration No. 11766

KPMG Phoomchai Audit Ltd.  
Bangkok  
14 May 2020

**Alucon Public Company Limited**  
**Statement of financial position**

<b>Assets</b>	<i>Note</i>	31 March 2020 (Unaudited)	31 December 2019
		<i>(in thousand Baht)</i>	
<b><i>Current assets</i></b>			
Cash and cash equivalents		1,292,295	883,873
Trade accounts receivable	3, 9	1,042,583	891,934
Inventories	4	1,225,367	1,352,105
Refundable value added tax		6,661	29,914
Other current assets		17,385	18,427
<b>Total current assets</b>		<b><u>3,584,291</u></b>	<b><u>3,176,253</u></b>
<b><i>Non-current assets</i></b>			
Property, plant and equipment	5	3,310,796	3,382,400
Intangible assets		8,572	8,772
Deferred tax assets		30,285	42,886
Other non-current assets		310	312
<b>Total non-current assets</b>		<b><u>3,349,963</u></b>	<b><u>3,434,370</u></b>
<b>Total assets</b>		<b><u><u>6,934,254</u></u></b>	<b><u><u>6,610,623</u></u></b>

The accompanying notes are an integral part of these financial statements.

**Alucon Public Company Limited**  
**Statement of financial position**

		31 March 2020 (Unaudited)	31 December 2019
<b>Liabilities and equity</b>	<i>Note</i>		
		<i>(in thousand Baht)</i>	
<b>Current liabilities</b>			
Bank overdrafts		583	113
Trade accounts payable	3, 6	241,385	227,963
Contract liabilities	7, 9	27,357	7,124
Other payables to related parties	3	10,342	8,931
Other payables to other parties		143,014	117,118
Deferred income		-	460
Current income tax payable		111,762	56,559
Current provisions for employee benefits		20,279	20,095
Other current liabilities		9,569	13,125
<b>Total current liabilities</b>		<b>564,291</b>	<b>451,488</b>
<b>Non-current liabilities</b>			
Non-current provisions for employee benefits		494,040	554,077
<b>Total non-current liabilities</b>		<b>494,040</b>	<b>554,077</b>
<b>Total liabilities</b>		<b>1,058,331</b>	<b>1,005,565</b>
<b>Equity</b>			
Share capital			
Authorised share capital (43,200,000 ordinary shares, par value at Baht 10 per share)		432,000	432,000
Issued and paid-up share capital (43,199,986 ordinary shares, par value at Baht 10 per share)		432,000	432,000
Share premium			
Share premium on ordinary shares		254,000	254,000
Retained earnings			
Appropriated			
Legal reserve		43,200	43,200
Unappropriated		5,146,723	4,875,858
<b>Total equity</b>		<b>5,875,923</b>	<b>5,605,058</b>
<b>Total liabilities and equity</b>		<b>6,934,254</b>	<b>6,610,623</b>

The accompanying notes are an integral part of these financial statements.

**Alucon Public Company Limited**  
**Statement of comprehensive income (Unaudited)**

		Three-month period ended	
		31 March	
	Note	2020	2019
		<i>(in thousand Baht)</i>	
<b>Revenue</b>			
Revenue from sales of goods	3, 7	1,449,446	1,471,659
Net foreign exchange gain		67,757	-
Other income		33,357	40,518
<b>Total revenue</b>		<b><u>1,550,560</u></b>	<b><u>1,512,177</u></b>
<b>Expenses</b>			
Costs of sale of goods	3, 4	1,136,053	1,230,705
Distribution costs	3	36,537	35,637
Administrative expenses	3	39,300	39,625
Net foreign exchange loss		-	3,528
Finance costs	3	-	813
<b>Total expenses</b>		<b><u>1,211,890</u></b>	<b><u>1,310,308</u></b>
<b>Profit before income tax expense</b>		<b>338,670</b>	<b>201,869</b>
Tax expense		67,805	40,478
<b>Profit for the period</b>		<b><u>270,865</u></b>	<b><u>161,391</u></b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b><u>270,865</u></b>	<b><u>161,391</u></b>
<b>Basic earnings per share (in Baht)</b>	8	<b><u>6.27</u></b>	<b><u>3.74</u></b>

The accompanying notes are an integral part of these financial statements.

## Alucon Public Company Limited

### Statement of changes in equity (Unaudited)

	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
			Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>					
<b>Three-month period ended</b>					
<b>31 March 2019</b>					
<b>Balance at 1 January 2019</b>	<b>432,000</b>	<b>254,000</b>	<b>43,200</b>	<b>4,813,858</b>	<b>5,543,058</b>
<b>Comprehensive income</b>					
<b>for the period</b>					
Profit for the period	-	-	-	161,391	161,391
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>					
<b>for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,391</b>	<b>161,391</b>
<b>Balance at 31 March 2019</b>	<b>432,000</b>	<b>254,000</b>	<b>43,200</b>	<b>4,975,249</b>	<b>5,704,449</b>
<b>Three-month period ended</b>					
<b>31 March 2020</b>					
<b>Balance at 1 January 2020</b>	<b>432,000</b>	<b>254,000</b>	<b>43,200</b>	<b>4,875,858</b>	<b>5,605,058</b>
<b>Comprehensive income</b>					
<b>for the period</b>					
Profit for the period	-	-	-	270,865	270,865
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>					
<b>for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270,865</b>	<b>270,865</b>
<b>Balance at 31 March 2020</b>	<b>432,000</b>	<b>254,000</b>	<b>43,200</b>	<b>5,146,723</b>	<b>5,875,923</b>

The accompanying notes are an integral part of these financial statements.

**Alucon Public Company Limited**  
**Statement of cash flows (Unaudited)**

	Three-month period ended	
	31 March	
<i>Note</i>	2020	2019
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the period	270,865	161,391
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Tax expense	67,805	40,478
Finance costs	-	813
Depreciation	108,177	115,250
Amortisation	391	398
Employee benefit expense relating to defined benefit plan	24,190	11,748
Recognised deferred income	(460)	(1,427)
Unrealised gain on exchange	(18,402)	(2,198)
Losses on inventories devaluation	4 1,563	1,539
(Gain) loss on disposal of equipment	(2)	78
Interest income	(892)	(117)
	<u>453,235</u>	<u>327,953</u>
<i>Changes in operating assets and liabilities</i>		
Trade accounts receivable	(131,191)	36,529
Inventories	125,175	388,025
Refundable value added tax	23,253	23,814
Other current assets	1,933	(6,379)
Other non-current assets	2	2
Trade accounts payable	12,366	(37,205)
Contract liabilities	20,233	1,957
Other payables to related parties	1,411	124
Other payables to other parties	36,115	36,676
Other current liabilities	(3,556)	(6,780)
Repayment of employee benefits relating to defined benefit plans	(84,043)	(17,297)
<b>Net cash generated from operating</b>	<b>454,933</b>	<b>747,419</b>
Taxes paid	(1)	(10)
<b>Net cash from operating activities</b>	<b>454,932</b>	<b>747,409</b>

The accompanying notes are an integral part of these financial statements.

**Alucon Public Company Limited**  
**Statement of cash flows (Unaudited)**

	<i>Note</i>	Three-month period ended	
		31 March	
		2020	2019
		<i>(in thousand Baht)</i>	
<b><i>Cash flows from investing activities</i></b>			
Proceeds from sale of equipment		2	614
Payment for acquisition of property, plant and equipment		(46,983)	(94,182)
Payment for acquisition of intangible assets		-	(181)
Interest received		1	1
<b>Net cash used in investing activities</b>		<b>(46,980)</b>	<b>(93,748)</b>
<b><i>Cash flows from financing activities</i></b>			
Increase in bank overdrafts		470	61
Repayment of short-term borrowings from related party	3	-	(50,000)
Interest paid		-	(324)
<b>Net cash from (used in) financing activities</b>		<b>470</b>	<b>(50,263)</b>
<b>Net increase in cash and cash equivalents</b>		<b>408,422</b>	<b>603,398</b>
Cash and cash equivalents at 1 January		883,873	248,870
<b>Cash and cash equivalents at 31 March</b>		<b>1,292,295</b>	<b>852,268</b>
<b><i>Supplemental disclosures of cash flows information:</i></b>			
Cash paid for purchase of property, plant and equipment during the period are detailed as follows:			
Total addition of property, plant and equipment during the period	5	36,573	83,263
<i>Add:</i> settlement of payables for property, plant and equipment previously purchased		24,337	39,027
<i>Less:</i> payables on purchase of property, plant and equipment		(13,927)	(28,108)
<b>Net purchases of property, plant and equipment paid by cash</b>		<b>46,983</b>	<b>94,182</b>

The accompanying notes are an integral part of these financial statements.



**Alucon Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2020 (Unaudited)**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Inventories
5	Property, plant and equipment
6	Trade accounts payable
7	Segment information and disaggregation of revenue
8	Basic earnings per share
9	Financial instruments
10	Commitments with non-related parties
11	Event after the reporting period

**Alucon Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2020 (Unaudited)**

These condensed notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language interim financial statements, and were approved and authorised for issue by the Board of Directors on 14 May 2020.

**1 General information**

The principal businesses of the Company are producing and distributing aluminium containers such as Aluminium Collapsible Tubes, Aluminium Monobloc Aerosol Cans, Aluminium Rigid Wall Containers, Aluminium Bottles, Technical Impact Extrusions, Aluminium Slugs (Blanks), Aluminium Coils, Aluminium Pellets, strips, plates, etc.

**2 Basis of preparation of the interim financial statements**

*(a) Statement of compliance*

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2019.

The Company has initially applied TFRS - Financial instruments standards and TFRS 16 *Lease* which have no material impact on the financial statements.

*(b) Use of judgments, estimates and accounting policies*

In preparing these interim financial statements, judgments and estimates are made by management in applying the Company’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2019.

**3 Related parties**

Significant transactions for the three-month period ended 31 March with related parties were as follows:

<i>Three-month period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Revenue from sales of goods	307,067	332,139
Purchase of raw materials and spare parts	1,785	2,264
License fee	4,181	5,308
Commission expenses	492	650
Other expenses	-	105
Interest expense	-	812

**Alucon Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2020 (Unaudited)**

<i>Three-month period ended 31 March</i>	2020	2019
	<i>(in thousand Baht)</i>	
<b>Key management personnel</b>		
Key management personnel compensation		
Short-term employee benefit	12,189	13,400
Retirement benefits	328	336
<b>Total key management personnel compensation</b>	<u><b>12,517</b></u>	<u><b>13,736</b></u>

Balances as at 31 March 2020 and 31 December 2019 with related parties were as follows:

***Trade account receivable - related party***

	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	<u>87,639</u>	<u>55,283</u>

***Trade account payable - related party***

	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	<u>-</u>	<u>1,579</u>

***Other payable to related party***

	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<b>Accrued license fee</b>		
<b>Parent</b>		
Takeuchi Press Industries Company Limited	4,181	3,714
<b>Accrued commission payable</b>		
<b>Parent</b>		
Takeuchi Press Industries Company Limited	507	543
<b>Accrued management's remuneration and other benefits</b>		
Key management personnel	5,654	4,674
<b>Total</b>	<u><b>10,342</b></u>	<u><b>8,931</b></u>

**Alucon Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2020 (Unaudited)**

Movements during the three-month periods ended 31 March of short-term borrowings from related party were as follows:

	2020	2019
	<i>(in thousand Baht)</i>	
<b>Short-term borrowings</b>		
<b>Parent</b>		
At 1 January	-	200,000
Decrease	-	(50,000)
<b>At 31 March</b>	<b>-</b>	<b>150,000</b>

**Significant agreement with related party**

**Technical license agreement**

The Company entered into a technical license agreement with Takeuchi Press Industries Company Limited, the parent company. Under the term of the agreement, the parent company agrees to provide technical assistance inclusive technical information and know-how, equipment for manufacturing and rights to sell the products. The Company is committed to pay a license and commission fee as indicated in the agreement. This agreement is valid for 10 years and shall be renewed automatically from year to year unless either party notifies the other party by a written notice at least 6 months prior to the expiration of the agreement.

**Commitments for purchase of raw materials and spare parts**

	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<b>Parent</b>		
Takeuchi Press Industries Company Limited	4,160	320

**Significant memorandum of understanding**

On 4 February 2020, the Company entered into a memorandum of understanding with Takeuchi Press Industries Company Limited to supply aluminium slugs in quantity of about 7,000 MT for the production of aluminium monobloc aerosol cans and collapsible tubes for a period from April 2020 to March 2021.

**4 Inventories**

	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Finished goods	179,827	150,779
Work in progress	149,484	135,755
Raw materials	448,047	636,572
Spare parts	207,896	213,954
Goods in transit	244,006	217,375
Total	1,229,260	1,354,435
Less allowance for decline in value	(3,893)	(2,330)
<b>Net</b>	<b>1,225,367</b>	<b>1,352,105</b>

**Alucon Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2020 (Unaudited)**

	2020	2019
	<i>(in thousand Baht)</i>	
Inventories recognised as an expense in ‘cost of sales of goods’ for the three-month periods ended 31 March:		
- Cost	1,134,490	1,229,166
- Write-down to net realisable value	1,563	1,539
<b>Total</b>	<b><u>1,136,053</u></b>	<b><u>1,230,705</u></b>

**5 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March are as follows:

<i>Three-month period ended 31 March</i>	2020		2019	
	Acquisitions and transfers - at cost	Disposals - net book value	Acquisitions and transfers - at cost	Disposals - net book value
	<i>(in thousand Baht)</i>			
Land improvement	-	-	967	-
Building and building improvement	1,840	-	40,370	-
Machinery and equipment	49,128	-	33,749	(693)
Office equipment	565	-	294	-
Vehicles	1,916	-	-	-
Spare parts	609	-	996	-
Construction in progress	(17,485)	-	6,887	-
<b>Total</b>	<b><u>36,573</u></b>	<b><u>-</u></b>	<b><u>83,263</u></b>	<b><u>(693)</u></b>

**6 Trade accounts payable**

	<i>Note</i>	31 March 2020	31 December 2019
		<i>(in thousand Baht)</i>	
Related party	3	-	1,579
Other parties		241,385	226,384
<b>Total</b>		<b><u>241,385</u></b>	<b><u>227,963</u></b>
Current		241,385	227,963
<b>Total</b>		<b><u>241,385</u></b>	<b><u>227,963</u></b>

**7 Segment information and disaggregation of revenue**

The Company has two reportable segments. The following summary describes the operations in each of the Company’s reportable segments.

<i>Segment 1</i>	Can and tube
<i>Segment 2</i>	Slug

The Company’s operations and main revenue streams are described in the last annual financial statements. The Company’s main revenue is derived from contracts with customers and recognised at a point in time.

**Alucon Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2020 (Unaudited)**

*Information about reportable segments*

<i>Three-month period ended 31 March</i>	<b>Segment 1</b>		<b>Segment 2</b>		<b>Total</b>	
	2020	2019	2020	2019	2020	2019
			<i>(in thousand Baht)</i>			
Revenues from sales	<u>847,481</u>	<u>896,142</u>	<u>601,965</u>	<u>575,517</u>	<u>1,449,446</u>	<u>1,471,659</u>
<b>Gross profit</b>	<b><u>213,809</u></b>	<b><u>200,412</u></b>	<b><u>99,584</u></b>	<b><u>40,542</u></b>	<b><u>313,393</u></b>	<b><u>240,954</u></b>
Unallocated revenues					101,114	40,518
Unallocated expenses					(75,837)	(78,790)
Finance costs					-	(813)
<b>Profit before income tax</b>					<b><u>338,670</u></b>	<b><u>201,869</u></b>

*Contract Balances*

The following table provides information about receivables and contract liabilities from contracts with customers.

	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Trade accounts receivable	1,042,583	891,934
Contract liabilities		
- Current	27,357	7,124

The contract liabilities primarily relate to the advance consideration received from customers for sales of goods. The Company recognises such contract liabilities as revenue when transferring control of the goods to the customers.

## **8 Basic earnings per share**

The calculations of basic earnings per share for the three-month period ended 31 March 2020 and 2019 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month periods ended 31 March</i>	2020	2019
	<i>(in thousand Baht / thousand shares)</i>	
<b>Profit for the period attributable to shareholders of the Company</b>	<b><u>270,865</u></b>	<b><u>161,391</u></b>
<b>Number of ordinary shares outstanding</b>	<b><u>43,200</u></b>	<b><u>43,200</u></b>
<b>Basic earnings per share (in Baht)</b>	<b><u>6.27</u></b>	<b><u>3.74</u></b>

## **9 Financial instruments**

*Credit risk*

Allowance for impairment loss for trade accounts receivable are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions.

**Alucon Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2020 (Unaudited)**

<i>At 31 March 2020</i>	<i>Note</i>	Trade accounts receivable - carrying amount <i>(in thousand Baht)</i>	Allowance for impairment losses
<b>Related party</b>			
Within credit terms	3	87,639	-
		<b>87,639</b>	<b>-</b>
<b>Other parties</b>			
Within credit terms		801,935	-
Overdue:			
Less than 3 months		152,705	-
3 - 6 months		304	-
		<b>954,944</b>	<b>-</b>
<b>Total</b>		<b>1,042,583</b>	<b>-</b>

<i>At 31 December 2019</i>	<i>Note</i>	2019 <i>(in thousand Baht)</i>
<b>Related party</b>		
Within credit terms	3	55,283
		<b>55,283</b>
<b>Other parties</b>		
Within credit terms		652,154
Overdue:		
Less than 3 months		184,497
		<b>836,651</b>
<b>Total</b>		<b>891,934</b>

The normal credit term granted by the Company ranges from 7 days to 90 days.

## 10 Commitments with non-related parties

	31 March 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<b>Capital commitments</b>		
Contracted but not provided for:		
Factory, machinery and equipment	<b>46,677</b>	<b>28,664</b>
<b>Other commitments</b>		
Purchase orders accepted by suppliers - within one year	1,060,774	1,506,440
Bank guarantees	25,582	25,582
<b>Total</b>	<b>1,086,356</b>	<b>1,532,022</b>

### *Bank guarantee*

As at 31 March 2020, the Company had commitment with a local bank for letters of guarantee issued in favour of the Company to the Metropolitan Electricity Authority and the Provincial Electricity Authority totaling Baht 26 million (*31 December 2019: Baht 26 million*).

**Alucon Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 31 March 2020 (Unaudited)**

*Purchase orders accepted by suppliers*

As at 31 March 2020, the Company had purchase orders accepted by suppliers for purchase of aluminium ingot for a total quantity of 21,700 MT (*31 December 2019: 27,600 MT*), at the price as determined in purchase orders (*31 December 2019: at the price as determined in purchase orders*) that will be delivered from 2020 (*31 December 2019: within 2020*).

**11 Event after the reporting period**

At the Board of Directors' meeting of the Company held on 7 April 2020, the Company's Board of Directors approved the appropriation of cash dividends of Baht 7.50 per share, amounting to Baht 324 million, which will be paid to shareholders in May 2020.